


UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF VERMONT

U.S. DISTRICT COURT
DISTRICT OF VERMONT
FILED

2024 SEP 17 PM 12:09

CLERK

BY  DEPUTY CLERK

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
USDT in Two Wallets for a total of)
1,897,169.648281 USDT as of July 26, 2024,)
)
Defendant in rem.)

Case No:

2:24-cv-1011

VERIFIED COMPLAINT FOR FORFEITURE IN REM

Plaintiff, the United States of America (the "United States"), by and through its attorney, Nikolas P. Kerest, United States Attorney for the District of Vermont, brings this verified complaint and alleges, upon information and belief, as follows in accordance with Rule G(2) of the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions:

NATURE OF THE ACTION

1. This is a civil action *in rem* to forfeit brought pursuant to 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C) for the forfeiture of the Property listed below. As discussed below, the Property constitutes proceeds of, or was involved in, a fraud and money laundering scheme in which unknown cyber actors used wire transactions to take customer deposit funds from an account at Remitano, a Lithuanian cryptocurrency exchange, in violation of Title 18, United States Code, Sections 1343 (wire fraud), 1956 (laundering of monetary instruments), and 1957 (engaging in monetary transactions in property derived from specified unlawful activity), and therefore is subject to civil forfeiture under 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C).

THE DEFENDANT IN REM

2. The defendant Property (hereinafter “the Property”) consists of Tether (USDT) held in the following Target Wallets, with the listed balances as of July 26, 2024 (for a total of 1,897,169.648281 USDT across two networks, Ethereum (ETH) and Tron (TRX)):

- i. Target Wallet 1 (0x74530e81E9f4715c720b6b237f682CD0e298B66C):
USDT/ETH 1,359,253.29346
- ii. Target Wallet 2 (TEDNf1aqk8YJEUdNH9NRd4MqibZmdP49Fm):
USDT/TRX 537,916.354821.

JURISDICTION AND VENUE

3. The Court has subject-matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1345 and 1355(a), as this is a civil action commenced by the United States for the recovery and enforcement of a forfeiture under federal law and, as detailed herein, pursuant to 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C), the Property is forfeitable as it constitutes or is derived from proceeds traceable to and was involved in and traceable to laundering of funds in violation of 18 U.S.C. §§ 1343, 1956, and 1957.

4. The Court has subject-matter jurisdiction over the Property pursuant to 28 U.S.C. §§ 1355(b)(1)(B) and 1395(b), as the Property has been seized by the government outside of any judicial district pursuant to a seizure warrant issued in this District.¹ *See 2:24-mj-83*. Further, the Court has *in rem* jurisdiction over the Property pursuant to 18 U.S.C. § 984.

¹ The Property described in this indictment exists in the form of electronic data. Pursuant to the seizure warrant issued by this Court, the Property has been seized from the initially identified wallets and transferred into a government-controlled wallet. That government-controlled wallet can now be accessed by the government from within the District, effectively “moving” the asset into the district.

5. Likewise, this District is a proper venue for this action pursuant to 28 U.S.C. §§ 1355(b)(1)(B) and 1395(b), as the Property has been seized by the government outside of any judicial district pursuant to a seizure warrant issued in this District. *See 2:24-mj-83*.

STATEMENT OF FACTS

6. The pertinent facts supporting this claim are contained in the attached declaration of F.B.I. Special Agent Justin Woodford, incorporated herein.

FIRST CLAIM FOR RELIEF

(Forfeiture Pursuant to 18 U.S.C. §§ 981(a)(1)(C))

7. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 through 6 above as if fully set forth herein.

8. Pursuant to 18 U.S.C. § 981(a)(1)(C), any property, real or personal, which constitutes or is derived from proceeds traceable to any offense constituting “specified unlawful activity,” as defined in 18 U.S.C. § 1956(c)(7), “or a conspiracy to commit such an offense” is subject to forfeiture to the United States.

9. Pursuant to 18 U.S.C. § 1956(c)(7)(A), the term “specified unlawful activity” includes any act or activity constituting an offense listed in 18 U.S.C. § 1961(1), except an act that is indictable under Subchapter II of Chapter 53 of Title 31 of the U.S. Code. This definition of “specified unlawful activity” includes any act indictable under 18 U.S.C. § 1343 (wire fraud).

10. The Property is personal property which constitutes or is derived from proceeds traceable to a wire fraud offense in violation of 18 U.S.C. § 1343.

11. Accordingly, all right, title and interest in the Property is subject to forfeiture to the United States pursuant to 18 U.S.C. §§ 981(a)(1)(C).

12. By virtue of the foregoing and pursuant to 18 U.S.C. § 981(f), all right, title and interest in the Property vested in the United States at the time of the commission of the unlawful act giving rise to forfeiture and has become forfeitable to the United States.

SECOND CLAIM FOR RELIEF

(Forfeiture Pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C))

13. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 through 6 above as if fully set forth herein.

14. Pursuant to 18 U.S.C. § 981(a)(1)(A), “[a]ny property, real or personal, involved in a transaction or attempted transaction in violation of” 18 U.S.C. § 1956, “or any property traceable to such property,” is subject to forfeiture to the United States.

15. Pursuant to 18 U.S.C. § 981(a)(1)(C), any property, real or personal, which constitutes or is derived from proceeds traceable to any offense constituting “specified unlawful activity,” as defined in 18 U.S.C. § 1956(c)(7), “or a conspiracy to commit such an offense” is subject to forfeiture to the United States.

16. Pursuant to 18 U.S.C. § 1956(c)(7)(A), the term “specified unlawful activity” includes any act or activity constituting an offense listed in 18 U.S.C. § 1961(1), except an act that is indictable under Subchapter II of Chapter 53 of Title 31 of the U.S. Code. This definition of “specified unlawful activity” includes any act indictable under 18 U.S.C. § 1956 (relating to the laundering of monetary instruments).

17. The Property is personal property which constitutes or is derived from, derived from proceeds of, or traceable to money laundering in violation of 18 U.S.C. §§ 1956 and 1957.

18. Accordingly, all right, title and interest in the Property is subject to forfeiture to the United States pursuant to 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C).

19. By virtue of the foregoing and pursuant to 18 U.S.C. § 981(f), all right, title and interest in the Property vested in the United States at the time of the commission of the unlawful act giving rise to forfeiture and has become forfeitable to the United States.

POTENTIAL CLAIMANTS

20. The potential claimants to the Property are the victims of the fraud and money laundering offenses, Remitano, a cryptocurrency exchange registered in Vilnius, Lithuania as UAB Retch Labs. The United States is in contact with Remitano via email communication between FBI and Remitano's legal counsel.

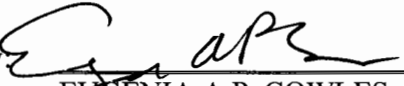
CLAIM FOR RELIEF

21. Wherefore, the United States respectfully requests that the Court provide due notice to all parties to appear and show cause why the forfeiture should not be decreed; issue a warrant in rem for the Property; enter a judgment declaring the Property to be condemned and forfeited to the United States; and award costs and disbursements in this action to the United States, and order any other relief that the Court deems appropriate.

Dated at Burlington, in the District of Vermont, this 17th day of September, 2024.

Respectfully submitted,

NIKOLAS P. KEREST
United States Attorney

By 
EUGENIA A.P. COWLES
Assistant U.S. Attorney
U.S. Attorney's Office
P.O. Box 570
Burlington, VT 05402-0570
(802) 951-6725
eugenia.cowles@usdoj.gov
Attorney for the Plaintiff

VERIFICATION

I, Justin Woodford, a Special Agent with the Federal Bureau of Investigation, hereby verify pursuant to 28 U.S.C. § 1746 under penalty of perjury that I have read the foregoing complaint and that the contents thereof are true and correct to the best of my knowledge, information, and belief.

Dated at Burlington, in the District of Vermont, this 17th day of September, 2024.


/s/ Justin Woodford
Justin Woodford
Special Agent, FBI

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF VERMONT

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USDT in Two Wallets for a total of)
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Defendant in rem.)

Case No:

2:24-cv-1011

DECLARATION

I, Justin Woodford, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a Special Agent with the Federal Bureau of Investigation and have been since January 2021. Since becoming a Special Agent, I have been assigned to a Cyber Crime Task Force in Albany, NY. I am responsible for investigating complex criminal computer intrusions and cyber fraud, including fraud involving cryptocurrency. I have experience working ransomware, business email compromise, and cryptocurrency trading platform fraud cases, commonly known as "Pig Butchering". I have received training related to cyber security, open-source intelligence, and reverse malware engineering and have a bachelor's degree in computer and information science. I have participated in the execution of search warrants involving electronic evidence, including searches of email accounts and computers.

2. The facts set forth in this affidavit are based on my personal knowledge, including what I have learned through my training and experience as a law enforcement officer, my review of documents and other records obtained in the course of this investigation, and information I have

obtained in the course of this investigation from witnesses having personal knowledge of the events and circumstances described herein and other law enforcement officers, all of whom I believe to be truthful and reliable. I have not included in this affidavit every detail I know about this investigation. Rather, I have included only the information necessary to establish probable cause that the property is subject to forfeiture.

3. I submit this affidavit to show probable cause to believe that the defendant Property, described below, constitutes proceeds of, or was involved in, a fraud and money laundering scheme in which unknown cyber actors used wire transactions to take customer deposit funds from an account at Remitano, a Lithuanian cryptocurrency exchange, in violation of Title 18, United States Code, Sections 1343 (wire fraud), 1956 (laundering of monetary instruments), and 1957 (engaging in monetary transactions in property derived from specified unlawful activity), and therefore is subject to civil forfeiture under 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C).

4. The defendant Property (hereinafter “the Property”) consists of Tether (USDT) seized from the following Target Wallets, with the listed balances as of July 26, 2024 (for a total of 1,897,169.648281 USDT across two networks, Ethereum (ETH) and Tron (TRX)):

- i. Target Wallet 1 (0x74530e81E9f4715c720b6b237f682CD0e298B66C):
USDT/ETH 1,359,253.29346
- ii. Target Wallet 2 (TEDNf1aqq8YJEUdNH9NRd4MqibZmdP49Fm):
USDT/TRX 537,916.354821.

5. The Property is currently in the custody of the U.S. government. It was seized pursuant to a warrant issued in this Court on July 30, 2024, *see* 2:24-mj-83, and is currently held in two government wallets, addresses 0xD8bc6a969D21039628d07AA63a5cd18DAb918153

(Target Wallet 1 funds) and TQCHjRw4Ufq3nsxTBYFv6UavGV4WRVjeKo (Target Wallet 2 funds).

Facts Supporting Findings of Probable Cause

6. **Stablecoins:** Stablecoins are a type of virtual currency whose value is pegged to a commodity's price, such as gold, or to a fiat currency, such as the U.S. Dollar, or to a different virtual currency. For example, USDC is a stablecoin pegged to the U.S. dollar. Stablecoins achieve their price stability via collateralization (backing) or through algorithmic mechanisms of buying and selling the reference asset or its derivatives.

7. **Tether (USDT):** "TetherUS" (USDT), also referred to as "Tether," is a cryptocurrency purportedly backed by United States dollars. Tether was originally designed to always be worth \$1, and the company responsible for issuing Tether purportedly maintained \$1 in reserves for each Tether issued. As of January 1, 2024, one Tether coin was worth approximately \$1 USD. Tether Limited ("Tether") is a company that manages the smart contracts and the treasury (*i.e.*, the funds held in reserve) for USDT tokens.

8. On or around September 14, 2023, a cyber-attack at Remitano, a cryptocurrency exchange registered in Vilnius, Lithuania as UAB Retech Labs, with international customers including in the United States, led to the theft of virtual assets across multiple networks. According to reports of the theft, an unknown cyber actor redirected virtual assets from Remitano's accounts into accounts associated with the theft scheme.

9. The FBI reviewed blockchain data and observed the following transactions of USDT leaving Remitano:

a. On September 14, 2023 at 13:07 UTC, transaction hash

04f3103388a311db69c5b301c675f7fe1a847d9fb1a1edaf0d98950ecf37b14b,

where 69,694.5122 USDT/TRX was observed sent from

TLYCaS9cZErMpUuwjZQbkFvYqx6Zaq11hE (Remitano's hot wallet¹) to

TEDNflaqk8YJEUdNH9NRd4MqibZmdP49Fm (Target Wallet 2).

- b. On September 14, 2023 at 12:36 UTC, transaction hash

f29c1ebf6f62a180b3c0d6fc0a299c12c989efaf8edc74a9da5a6553f6ee923c, where

468,221.842621 USDT/TRX was observed sent from

TLYCaS9cZErMpUuwjZQbkFvYqx6Zaq11hE (Remitano's hot wallet) to

TEDNflaqk8YJEUdNH9NRd4MqibZmdP49Fm (Target Wallet 2).

- c. On September 14, 2023 at 12:45 UTC, transaction hash

0xe0725362fd774de0d8416d5e3d028063508ffa61f68087c576320e42159677a9,

where 1,359,253.29346 USDT/ETH was observed sent from

0x2819c144D5946404C0516B6f817a960dB37D4929 (Remitano's hot wallet) to

0x74530e81E9f4715c720b6b237f682CD0e298B66C (Target Wallet 1).

10. The United States Attorney's Office in the District of Vermont, the Federal Bureau of Investigation, and other private entities requested Tether to voluntarily restrain the TARGET PROPERTY such that Tether in Target Wallet 1 and Target Wallet 2 could not further transact with the USDT contract on the Tron network (TRX) and Ethereum network (ETH). On September 14, 2023, Tether reviewed the request and agreed to prevent further movement of the Target Property.

11. On or around July 15, 2024, a representative of the legal team at Remitano contacted the FBI. The representative stated that Remitano hired a third-party company, CryptoForensic

¹ Hot wallets are cryptocurrency wallets with a connection to the internet. This allows the administrator of the wallet to make transactions more quickly on the blockchain. This type of wallet is optimal for larger volumes of transactions. At an exchange such as Remitano, the hot wallet facilitates transactions for all its users.

Investigators, to investigate the event and assist in the recovery efforts of the stolen assets. CryptoForensic Investigators concluded that a security breach occurred at Remitano because of a vulnerability in a third-party service that ultimately led the theft of cryptocurrency from the Remitano exchange hot wallet. The representative confirmed that the transactions the FBI observed moving into the Target Wallets were not initiated by or for Remitano and represented movement of funds involved in, and the proceeds of, the crime.

12. On July 30, 2024, this Court issued a warrant authorizing the government to seize the Property from Tether. In compliance with that warrant, the Property was transferred into a U.S.-government controlled wallet pending further proceedings.

Conclusion

12. Based on the information set forth above and on my training and experience, I believe there is probable cause that the Property constitutes proceeds of, or was involved in, a fraud and money laundering scheme in violation of Title 18, United States Code, Sections 1343 (wire fraud), 1956 (laundering of monetary instruments), and 1957 (engaging in monetary transactions in property derived from specified unlawful activity), and therefore is subject to civil forfeiture under 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C).

13. I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 17, 2024.

/s/ Justin Woodford

Justin Woodford, FBI Special Agent

JS 44 (Rev. 12/12)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

United States of America

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
Eugenia A.P. Cowles
11 Elmwood Ave, Burlington VT 05401

DEFENDANTS

USDT in Two Wallets for a total of 1,897,169.648281 USDT as of July 26, 2024

County of Residence of First Listed Defendant _____
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF
THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☒ 1 U.S. Government Plaintiff
- ☐ 2 U.S. Government Defendant
- ☐ 3 Federal Question (U.S. Government Not a Party)
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input checked="" type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 Taxes (Third Party) 26 USC 6609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C)

Brief description of cause:

Fraud money laundering scheme with unknown cyber actors who depleted funds from a Lithuanian company

VII. REQUESTED IN COMPLAINT:

☐ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☐ Yes ☒ No**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE

DOCKET NUMBER

DATE

09/17/2024

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT #

AMOUNT

APPLYING IFP

JUDGE

1011

MAG. JUDGE

2:24 cv-1011